

ADDITIONAL INFORMATION

The South Carolina Department of Employment and Workforce must certify the Work Opportunity Tax Credit before businesses can claim the credit on their federal tax return.

The required IRS Form 8850 and ETA-9061 forms are available at:

www.doleta.gov/business/incentives/opptax/

Once certified and minimum required hours are met, the employer will claim any tax credit accumulated on their federal tax return using IRS Form 5884, Work Opportunity Tax Credit (IRS Form 5884-C for 501(c) organizations).

Relatives and previously employed individuals are not eligible job applicants.

Tax credits cannot be claimed for federally subsidized on-the-job training. However, wages paid after the subsidy expires can qualify for the credit.

The IRS Form 8850 may be used to pre-screen job applicants for eligibility.



South Carolina
Department of Employment
and Workforce

dew.sc.gov

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*For more information, contact
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*The American Tax Payer Relief Act of 2012
retroactively authorized the Work Opportunity Tax
Credit program from January 1, 2012 through
December 31, 2013.*

*An equal opportunity employer/program. Auxiliary
aids and services are available upon request to
individuals with disabilities. All voice telephone
numbers may be reached using TTY/TDD equipment
via the South Carolina Relay services at 711.*

Program funded through US Department of Labor.

WORK OPPORTUNITY TAX CREDIT

Opportunities to
Earn Federal Tax Credits
for
Hiring New Employees



- *e-file Option*
- *Business-Friendly Benefits*
- *Minimal Paperwork Required*
- *Unlimited Number of Tax Credits*



WORK OPPORTUNITY TAX CREDIT PROGRAM

WOTC is a federally-funded tax credit program designed to provide an incentive for businesses to hire individuals with barriers to employment, disabled veterans and unemployed veterans.

For most businesses, the program pays 40% of first-year wages when employed 400 hours or more. It reduces to 25% for those employed less than 400, but at least 120 hours.

Certified “tax-exempt” (i.e., 501(c)) organizations can participate when hiring qualifying Veterans **only**. The credit is 26% of the first-year wages when employed 400 hours or more. It reduces to 16.25% for those employed less than 400 hours, but at least 120 hours. The credit amount cannot exceed the amount of employer social security tax imposed.

Except where noted, the maximum credit is \$2,400.

Veteran/*SNAP Recipient: Received SNAP benefits 3 consecutive months in the last 15 months.

Disabled Veteran: Entitled to compensation for a service-connected disability and unemployed for a period totaling at least 6 months in the previous year. (Maximum credit \$9,600)

Unemployed Disabled Veteran: Entitled to compensation for a service-connected disability and during the one-year period prior to the hire date was discharged or released from active duty. (Maximum credit \$4,800)

Unemployed Veteran: Unemployed for at least 4 weeks during the one year period prior to the hire date.

Unemployed Veteran: Unemployed for at least 6 months during the one year period prior to the hire date. (Maximum credit \$5,600)

***TANF Recipient:** Received TANF 9 of the last 18 months.

***SNAP Recipient:** 18-39 year-old receiving SNAP benefits 6 consecutive months prior to and including the hire month.

EZ/RRC Resident: 18-39 year-old residing in a federally-designated Empowerment Zone (<http://egis.hud.gov/ezrclocator/>), or the Marlboro County Rural Renewal Community.

Summer Youth: 16-17 year-old EZ/RRC resident hired between May 1st and September 15th. (Maximum credit \$750)

Vocational Rehabilitation or Ticket-To-Work Participant: Active client or successful completion of ***IWRP** within 2 years prior to the hire date through Vocational Rehabilitation, Department of Veteran Affairs, or Commission for the Blind.

Ex-Felon: Convicted felony offender hired within one year of conviction or release date, or during work-release program participation.

***SSI Recipient:** Received SSI any month during the 60 days prior to the hire date.

Long-term Family Assistance Recipient: Long-term TANF recipient. Two-tier maximum credits:

Year One - \$4,000
Year Two - \$5,000
\$9,000

*Acronyms

IWRP - Individual Written Rehabilitation Plan
SNAP - Supplemental Nutritional Assistance Program
SSI - Supplemental Security Income
TANF - Temporary Assistance To Needy Families

HOW TO APPLY FOR THE TAX CREDIT

Step 1:

Complete the IRS Form 8850, “Pre-Screening Notification and Certification Request”;

Step 2:

Complete the ETA Form 9061, “Individual Characteristics Form”;

Step 3:

Submit the request to the SC Department of Employment and Workforce within 28 days of the start date via:

E-file:

Contact SCDEW at 803-737-2592 for web address, user id and password; or

Mail:

SC Department of Employment and Workforce
Attention: WOTC Unit
P.O. Box 995, Room 166
Columbia, SC 29202

Application **MUST** be e-filed or postmarked within 28 days of the start date.

*Documentation of Veteran, Disabled Veteran, SSI recipient and age and address for EZ/RRC residents is required.